UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 333-266143

NEXT BRIDGE HYDROCARBONS, INC.

(Exact name of registrant as specified in its charter)

Nevada **(State or other jurisdiction of incorporation or organization)**	**87-2538731** **(I.R.S. Employer Identification Number)**

6300 Ridglea Place, Suite 950
Fort Worth, TX 76116
(Address of principal executive offices)

Telephone No.: (817) 438-1937

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated Filer ☒ Smaller reporting company ☒

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock, par value $0.0001, as of August 13, 2024 was 251,930,516.

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q (this "Form 10-Q") of Next Bridge Hydrocarbons, Inc. (the "Company," "we," "our," or "us") for the six months ended June 30, 2024, includes consolidated comparative financial statements and disclosures for the six months ended June 30, 2023 which have been restated from the Form 10-Q, previously filed on August 14, 2023, for the six months ended June 30, 2023 with the Securities and Exchange Commission (the "SEC") (the "Original Filing").

Reference Note 12 in the accompanying Notes to Financial Statements for detailed disclosure of items amended by the restatement.

Items Amended in this Filing

This Form 10-Q amends and restates the consolidated financial statements and related disclosures from the Original Filing principally as it relates to an impairment analysis with respect to the Orogrande properties that was performed during the 2023 audit and the related reaudit of the Company's fiscal year 2022 consolidated financial statements. The Orogrande impairment adjustment made at December 31, 2022 arose from circumstances that continue to apply at June 30, 2023 and June 30, 2024.

For the year ended December 31, 2023, management applied accounting procedures to examine the need for an impairment adjustment to the carrying value of its unevaluated oil and natural gas properties. A triggering event related to the potential expiration on December 31, 2024 of the underlying mineral lease for the Company's Orogrande Project was noted. Although negotiation discussions with the lessor were in progress, there was no assurance that the mineral lease would, in fact, be renewed before December 31, 2024. The conclusion reached was to impair 100% of the carrying value of the Company's Orogrande oil and natural gas assets as of December 31, 2022, and at December 31, 2023.

Given the combined auditing engagement for 2022 with the audit for 2023, the Company recorded an impairment adjustment as of December 31, 2022, and as of December 31, 2023. Interim 2023 quarters also require impairment adjustments for additions related to Orogrande development cost additions to the full cost pool during each quarter to achieve consistency with audited financials for the year ended December 31, 2023, which were included in the Company's Annual Report on Form 10-K that was filed with the SEC on July 17, 2024.

References to our website throughout this Form 10-K are provided for convenience only and the content on our website does not constitute a part of, and shall not be deemed incorporated by reference into, this filing.

NEXT BRIDGE HYDROCARBONS, INC.

QUARTERLY REPORT

For the Quarter Ended June 30, 2024

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements may be identified by their use of terms such as "anticipate," "assume," "believe," "budget," "can," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "pending," "plan," "potential," "projected," "will," and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical facts included in this report are forward-looking statements. Forward-looking statements appear throughout this report, and include statements about such matters as:

- amount and timing of future production of oil and natural gas;
- amount, nature and timing of capital expenditures;
- the number of anticipated wells to be drilled after the date hereof;
- the availability of exploration and development opportunities;
- our financial or operating results;
- our cash flow and anticipated liquidity;
- operating costs including lease operating expenses, administrative costs and other expenses;
- finding and development costs;
- our business strategy; and
- other plans and objectives for future operations.

Our actual results and condition could differ materially from those implied or expressed in the forward-looking statements for any reason. They can be affected by a number of factors, including, among others:

- the risks described in "Risk Factors" in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2023, on Form 10-K filed on July 17, 2024;
- the volatility of prices and supply of, and demand for, oil and natural gas;
- the timing and success of our drilling activities;
- the numerous uncertainties inherent in estimating quantities of oil and natural gas reserves and actual future production rates and associated costs;

- our ability to successfully identify, execute or effectively integrate future acquisitions;
- the usual hazards associated with the oil and natural gas industry, including fires, well blowouts, pipe failure, spills, explosions and other unforeseen hazards;
- our ability to effectively market our oil and natural gas;
- the availability of rigs, equipment, supplies and personnel;
- our ability to discover or acquire additional reserves;
- our ability to satisfy future capital requirements;

- changes in regulatory requirements;
- general economic conditions, status of the financial markets and competitive conditions;
- our ability to retain key members of our senior management and key employees; and
- our ability to renew oil and gas leases before they expire.

Moreover, we operate in a rapidly evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all the risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this report relate only to events or information available to us as of the date of this report. Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DEFINITIONS

The following are abbreviations and definitions of terms commonly used in the oil and gas industry and in this report. Natural gas equivalents and crude oil equivalents are determined using the ratio of six Mcf to one barrel. All references to “us”, “our”, “we”, “NBH”, or “Next Bridge” mean Next Bridge Hydrocarbons, Inc. and where applicable, its consolidated subsidiaries.

“**Bbl**” means a barrel of U.S. 42 gallons of oil.

“**Bcf**” means one billion cubic feet of natural gas.

“**BOE**” means one barrel of oil equivalent.

“**Completion**” means the installation of permanent equipment for the production of oil or gas.

“**Condensate**” means natural gas in liquid form produced in connection with natural gas wells.

“**Exploratory well**” means a well drilled to find a new field or to find a new productive reservoir in a field previously found to be productive of oil or natural gas in another reservoir or to extend a known reservoir.

“**Gross**” when used with respect to acres or wells, production or reserves refers to the total acres or wells in which we or another specified person has a working interest.

“**MBbls**” means one thousand barrels of oil.

"**Mcf**" means one thousand cubic feet of natural gas.

"**Net**" when used with respect to acres or wells, refers to gross acres of wells multiplied, in each case, by the percentage working interest owned by us.

"**NGL**" refers to natural gas liquids, which is composed exclusively of carbon and hydrogen.

"**Oil**" means crude oil or condensate.

"**Operator**" means the individual or company responsible for the exploration, development, and production of an oil or gas well or lease.

"**Proved developed non-producing**" means reserves (i) expected to be recovered from zones capable of producing but which are shut-in because no market outlet exists at the present time or whose date of connection to a pipeline is uncertain or (ii) currently behind the pipe in existing wells, which are considered proved by virtue of successful testing or production of offsetting wells.

"**Proved developed producing**" means reserves expected to be recovered from currently producing zones under continuation of present operating methods. This category includes recently completed shut-in gas wells scheduled for connection to a pipeline in the near future.

"**Proved developed reserves**" means reserves that can be expected to be recovered through existing wells with existing equipment or operating methods.

"**Proved reserves**" means the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided by contractual arrangements.

"**Proved undeveloped reserves**" means reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage are limited to those drilling locations offsetting productive wells that are reasonably certain of production when drilled or where it can be demonstrated with certainty that there is continuity of production from the existing productive formation.

"**Recompletion**" means the completion for production of an existing well bore in another formation from which the well has been previously completed.

"**Royalty**" means an interest in an oil and gas lease that gives the owner of the interest the right to receive a portion of the production from the leased acreage (or of the proceeds of the sale thereof), but generally does not require the owner to pay any portion of the costs of drilling or operating the wells on the leased acreage. Royalties may be either landowner's royalties, which are reserved by the owner of the leased acreage at the time the lease is granted, or overriding royalties, which are usually reserved by an owner of the leasehold in connection with a transfer to a subsequent owner.

"SEC" means the United States Securities and Exchange Commission.

"**Working interest**" means an interest in an oil and gas lease that gives the owner of the interest the right to drill for and produce oil and gas on the leased acreage and requires the owner to pay a share of the costs of drilling and production operations. The share of production to which a working interest owner is entitled will always be smaller than the share of costs that the working interest owner is required to bear, with the balance of the production accruing to the owners of royalties. For example, the owner of a 100% working interest in a lease burdened only by a landowner's royalty of 12.5% would be required to pay 100% of the costs of a well but would be entitled to retain 87.5% of the production.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

NEXT BRIDGE HYDROCARBONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited June 30 2024	Audited December 31 2023
ASSETS		
Current assets:		
Cash	$ 1,133,622	$ 1,668,847
Accounts receivable	176,679	207,470
Production receivable	-	1,412
Prepayments - development costs	212,619	131,340
Prepaid expenses	101,409	76,741
Total current assets	1,624,329	2,085,810
Oil and natural gas properties, net of impairment	217,791	-
Other assets	105,179	105,179
TOTAL ASSETS	$ 1,947,299	$ 2,190,990
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 298,377	$ 3,777,693
Account payable - related party	97,027	-
Prepayments, working interest owners	-	311,281
Note payable - related party	42,499,082	41,221,028
Note payable	2,000,000	-
Accrued interest payable - related party	5,228,244	3,870,175
Accrued interest payable	80,502	-
Total current liabilities	50,203,232	49,180,177
Asset retirement obligations	233,169	248,651
Total liabilities	50,436,401	49,428,828
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, par value $0.0001, 50,000,000 shares authorized; -0- issued and outstanding June 30, 2024 and December 31, 2023	-	-
Common stock, par value $0.0001; 500,000,000 shares authorized; 251,930,516 issued and outstanding at June 30, 2024, and 248,830,516 issued and outstanding at December 31, 2023;	25,193	24,883
Additional paid-in capital	72,526,846	71,956,656
Accumulated deficit	(121,041,141)	(119,219,378)
Total stockholders' deficit	(48,489,102)	(47,237,839)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 1,947,299	$ 2,190,989

The accompanying notes are an integral part of these condensed consolidated financial statements.

NEXT BRIDGE HYDROCARBONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Restated Six Months Ended June 30, 2023
Oil and natural gas sales	$ 1,639	$ 4,841	$ 5,206	$ 15,765
Operating expenses:				
Lease operating expenses	75,361	10,694	112,172	26,510
Production taxes	118	349	375	1,135
General and administrative	432,879	3,046,419	1,191,519	5,519,158
Impairment loss	744,788	17,125,020	1,457,961	25,008,677
Total operating expenses	1,253,146	20,182,482	2,762,027	30,555,480
Other income (expense)				
Gain on sale of properties	3	-	618,504	-
Proceeds from legal settlement	306,554	-	306,554	-
Administration income	-	-	10,000	-
Interest income	-	-	-	1
Total other income	306,557	-	935,058	1
Loss before income taxes	(944,950)	(20,177,641)	(1,821,763)	(30,539,714)
Provision for income taxes	-	-	-	-
Net loss	$ (944,950)	$ (20,177,641)	$ (1,821,763)	$ (30,539,714)
Loss per common share:				
Basic and Diluted	$ (0.00)	$ (0.09)	$ (0.01)	$ (0.16)
Weighted average number of common shares outstanding:				
Basic and Diluted	251,928,318	225,013,866	250,505,791	195,407,533

The accompanying notes are an integral part of these condensed consolidated financial statements.

NEXT BRIDGE HYDROCARBONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

	Common stock shares	Common stock amount	Additional paid-in capital	Accumulated deficit	Total
December 31, 2022	165,472,241	$ 16,547	$ 51,345,640	$ (81,662,591)	$(30,300,404)
Issuance of stock options	-	$ -	$ 245,160	$ -	$ 245,160
Net loss, restated	-	$ -	$ -	$ (10,362,073)	$(10,362,073)
Balance, March 31, 2023	165,472,241	$ 16,547	$ 51,590,800	$ (92,024,664)	$(40,417,317)
Issuance of common stock for working interest	83,358,275	8,336	28,258,456	-	28,266,792
Adjustment to share value	-	-	(12,428,719)	-	(12,428,719)
Issuance of stock options	-	-	980,639	-	980,639
Net loss, restated	-	-	-	(20,177,641)	(20,177,641)
Balance, June 30, 2023	248,830,516	$ 24,883	$ 68,401,176	$(112,202,305)	$(43,776,246)

December 31, 2023	248,830,516	$ 24,883	$ 71,956,656	$(119,219,378)	$(47,237,839)
Issuance of common stock -					
- Wildcat acquisition	2,500,000	250	449,750	-	450,000
- Consulting agreement	500,000	50	89,950	-	90,000
Net loss	-	-	-	(876,813)	(876,813)
Balance, March 31, 2024	251,830,516	$ 25,183	$ 72,496,356	$(120,096,191)	$(47,574,652)
Issuance of common stock for consulting agreement	100,000	10	17,990	-	18,000
Imputed interest on note payable	-	-	12,500	-	12,500
Net loss	-	-	-	(944,950)	(944,950)
Balance, June 30, 2024	251,930,516	$ 25,193	$ 72,526,846	$(121,041,143)	$(48,489,102)

The accompanying notes are an integral part of these condensed consolidated financial statements.

NEXT BRIDGE HYDROCARBONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30, 2024	Restated Six Months Ended June 30, 2023
Cash Flows Used in Operating Activities		
Net loss	$ (1,821,763)	$ (30,539,714)
Adjustments to reconcile net loss to net cash from operations:		
Gain on sale of property interests	(618,504)	-
Accretion expense	11,188	11,936
Expense related to stock based compensation	108,000	1,225,800
Imputed interest on note payable	12,500	-
Impairment loss	1,457,961	25,008,677
Change in:		
Accounts receivable	32,203	-
Prepayments - development costs	(81,279)	150,000
Prepaid expenses	(24,665)	25,652
Asset Retirement Obligation applied to plug and abandon expense	(26,670)	-
Accounts payable and accrued expenses	(3,382,288)	(3,660,998)
Net cash used in operating activities	(4,333,317)	(7,778,647)
Cash Flows Used in Investing Activities		
Investment in oil and natural gas properties	(31,769)	(7,853,902)
Net cash used in investing activities	(31,769)	(7,853,902)
Cash Flows From Financing Activities		
Proceeds from notes payable, related party	1,000,000	17,000,000
Proceeds from promissory note	2,000,000	-
Payments on promissory notes	-	(1,000,000)
Payments on accrued interest	-	(199,345)
Proceeds from sale of assets	1,141,142	-
Prepayments, working interest owners	(311,281)	-
Net cash provided from financing activities	3,829,861	15,800,655

Net increase (decrease) in cash	(535,225)	168,106
Cash - beginning of period	1,668,847	569,298
Cash - end of period	$ 1,133,622	$ 737,404
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ 199,345
Cash paid for income tax	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Addition to note payable to reimburse lease payments	$ 278,054	$ -
Common stock issued in property acquisition	$ 450,000	$ -
Common stock issued for working interest	$ -	$ 15,838,072
Capitalized Interest	$ 1,438,571	$ 1,139,183

The accompanying notes are an integral part of these condensed consolidated financial statements.

NEXT BRIDGE HYDROCARBONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024
(Unaudited)

1. NATURE OF BUSINESS

Next Bridge Hydrocarbons, Inc. (the "Company") was incorporated in Nevada on August 31, 2021, as OilCo Holdings, Inc. and changed its name to Next Bridge Hydrocarbons, Inc. pursuant to its Amended and Restated Articles of Incorporation filed on June 30, 2022. The Company spun off from Meta Materials, Inc. ("Meta") on December 14, 2022, resulting in the Company becoming an independent company (the "Spin-Off"). Prior to the Spin-Off, the Company was a wholly-owned subsidiary of Meta. Meta became the parent of the Company's subsidiaries in June 2021 in a merger transaction with Torchlight Energy Resources, Inc. ("Torchlight"), the previous parent of the subsidiaries and developer of the properties from their inception up to June 2021.

The Company is an energy company engaged in the acquisition, exploration, exploitation and development of oil and natural gas properties in the United States. The Company's primary focus has been the development of interests in an oil and natural gas project the Company holds in the Orogrande Basin in West Texas in Hudspeth County, Texas (the "Orogrande Project"). In addition, the Company has minor interests in the Eastern edge of the Midland Basin in Texas (the "Hazel Project"), and two minor well interests in the Hunton wells located in Oklahoma (the "Oklahoma Properties"). The Company currently has no full-time employees, and the Company employs consultants for various roles as needed.

The Company operates its business through nine wholly owned subsidiaries Torchlight Energy, Inc., a Nevada corporation ("TEI"), Hudspeth Oil Corporation, a Texas corporation ("Hudspeth"), Torchlight Hazel, LLC, a Texas limited liability company ("Torchlight Hazel"), Wolfbone Investments, LLC, a Texas limited liability company ("Wolfbone"), Hudspeth Operating, LLC, a Texas limited liability company and wholly owned subsidiary of Hudspeth ("Hudspeth Operating"), Wildcat Panther, LLC, a Texas limited liability company ("Panther"), Wildcat Valentine, LLC, a Texas limited liability company ("Valentine"), Wildcat Cowboy, LLC, a Texas limited liability company ("Cowboy"), Wildcat Packer, LLC, a Texas limited liability company ("Packer"). All intercompany transactions have been eliminated in the consolidated financial statements.

2. GOING CONCERN

At June 30, 2024, the Company had not yet achieved profitable operations. The Company had a net loss of $1,821,763 for the six months ended June 30, 2024. The Company expects to incur further losses in the development of its business. The Company had a working capital deficit as of June 30, 2024, of $48,578,905. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to generate future profitable operations or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management's plan to address the Company's ability to continue as a going concern includes: (1) obtaining debt or equity funding from private placement, institutional, or public sources; (2) obtaining loans from financial institutions, where possible, or (3) participating in joint venture transactions with third parties. Although management believes that it will be able to obtain the necessary funding to allow the Company to remain a going concern through the

methods discussed above, there can be no assurances that such methods will prove successful.

These consolidated financial statements have been prepared assuming that the Company will continue as a going concern and therefore, the financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amount and classifications of liabilities that may result from the outcome of this uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its accounts on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Accounting principles followed and the methods of applying those principles, which materially affect the determination of financial position, results of operations and cash flows are summarized below:

Use of estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and certain assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Basis of presentation—The financial statements are presented on a consolidated basis and include the accounts of Next Bridge Hydrocarbons, Inc. and its wholly owned subsidiaries, TEI, Hudspeth, Torchlight Hazel, Wolfbone, Hudspeth Operating, and Wildcat. All significant intercompany balances and transactions have been eliminated. As noted above, the Company was involved in the Spin-Off on December 14, 2022.

In the opinion of management, the accompanying consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary to fairly present the financial position as of, and the results of operations for all periods presented. In preparing the accompanying consolidated financial statements, management has made certain estimates and assumptions that affect reported amounts in the consolidated financial statements and disclosures of contingencies. Actual results may differ from those estimates.

Restatements – Certain prior year amounts have been restated in the accompanying Consolidated Financial Statements for the six months ended June 30, 2023. Reference Note 12 to the Financial Statements.

Risks and uncertainties—The Company's operations are subject to significant risks and uncertainties, including financial, operational, technological, and other risks associated with operating an emerging business, including the potential risk of business failure.

Concentration of risks—At times the Company's cash balances are in excess of amounts guaranteed by the Federal Deposit Insurance Corporation. The Company's cash is placed with a highly rated financial institution, and the Company regularly monitors the creditworthiness of the financial institutions with which it does business.

Fair value of financial instruments—Financial instruments consist of cash, receivables, convertible note receivable, payables and promissory notes, if any. The estimated fair values of cash, receivables, and payables approximate the carrying amount due to the relatively short maturity of these instruments. The carrying amounts of any promissory notes approximate their fair value giving affect for the term of the note and the effective interest rates.

For assets and liabilities that require re-measurement to fair value the Company categorizes them in a three-level fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration.
- Level 3 inputs are unobservable inputs based on management's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Cash and cash equivalents – Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three

months or less.

Accounts receivable – Accounts receivable consist of amounts due from Joint Interest Billing to the working interest owners who are participants in the Johnson Project. Those owners acquired working interest and participated in funding five wells drilled in 2023 on the Orogrande Project. Balances due represent their pro rata share of charges for development and operating costs allocable to those five wells after applying any prepayments from those owners.

Management reviews receivables periodically and reduces the carrying amount by a valuation allowance that reflects management's best estimate of the amount that may not be collectible. As of June 30, 2024 and December 31, 2023, no valuation allowance was considered necessary.

Oil and natural gas properties – The Company uses the full cost method of accounting for exploration and development activities as defined by the SEC. Under this method of accounting, the costs of unsuccessful, as well as successful, exploration and development activities are capitalized as properties and equipment. This includes any internal costs that are directly related to property acquisition, exploration and development activities but does not include any costs related to production, general corporate overhead or similar activities.

Oil and natural gas properties include costs that are excluded from costs being depleted or amortized. Oil and natural gas property costs excluded represent investments in unevaluated properties and include non-producing leasehold, geological, and geophysical costs associated with leasehold or drilling interests and exploration drilling costs. The Company allocates a portion of its acquisition costs to unevaluated properties based on relative value. Costs are transferred to the full cost pool as the properties are evaluated over the life of the reservoir. Unevaluated properties are reviewed for impairment at least quarterly and are determined through an evaluation considering, among other factors, seismic data, requirements to relinquish acreage, drilling results, remaining time in the commitment period, remaining capital plan, and political, economic, and market conditions.

Gains and losses, if any, on the sale of oil and natural gas properties are not generally reflected in income unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves. Sales of less than 100% of the Company's interest in the oil and natural gas property are treated as a reduction of the capital cost of the field, with no gain or loss recognized, as long as doing so does not significantly affect the unit-of-production depletion rate. Costs of retired equipment, net of salvage value, are usually charged to accumulated depreciation.

Capitalized interest – The Company capitalizes interest on unevaluated properties during the periods in which they are excluded from costs being depleted or amortized. During the six months ended June 30, 2024, the Company capitalized $1,438,571 of interest on unevaluated properties. Capitalized interest for the year ended December 31, 2023, was $2,498,184.

Depreciation, depletion, and amortization – The depreciable base for oil and natural gas properties includes the sum of all capitalized costs net of accumulated depreciation, depletion, and amortization ("DD&A"), estimated future development costs and asset retirement costs not included in oil and natural gas properties, less costs excluded from amortization. The depreciable base of oil and natural gas properties is amortized on a unit-of-production method.

Ceiling test – Future production volumes from oil and natural gas properties are a significant factor in determining the full cost ceiling limitation of capitalized costs. Under the full cost method of accounting, the Company is required to periodically perform a "ceiling test" that determines a limit on the book value of oil and natural gas properties. If the net capitalized cost of proved oil and natural gas properties, net of related deferred income taxes, plus the cost of unproved oil and natural gas properties, exceeds the present value of estimated future net cash flows discounted at 10 percent, net of related realizable tax affects, plus the cost of unproved oil and natural gas properties, the excess is charged to expense and reflected as additional accumulated DD&A.

The ceiling test calculation uses a commodity price assumption which is based on the unweighted arithmetic average of the price on the first day of each month for each month within the prior 12-month period and excludes future cash outflows related to estimated abandonment costs.

The determination of oil and natural gas reserves is a subjective process, and the accuracy of any reserve estimate depends on the quality of available data and the application of engineering and geological interpretation and judgment. Estimates of economically recoverable reserves and future net cash flows depend on a number of variable factors and assumptions that are difficult to predict and may vary considerably from actual results. In particular, reserve estimates for wells with limited or no production history are less reliable than those based on actual production. Subsequent re-evaluation of reserves and cost estimates related to future development of proved oil and natural gas reserves could result in significant revisions to proved reserves. Other issues, such as changes in regulatory requirements, technological advances, and other factors which are difficult to predict could also affect estimates of proved reserves in the future.

Asset retirement obligations – The fair value of a liability for an asset's retirement obligation ("ARO") is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made, with the corresponding charge capitalized as part of the carrying amount of the related

long-lived asset. The liability is accreted to its then-present value each subsequent period, and the capitalized cost is depleted over the useful life of the related asset. Abandonment costs incurred are recorded as a reduction of the ARO liability.

Inherent in the fair value calculation of an ARO are numerous assumptions and judgments including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement, and changes in the legal, regulatory, environmental, and political environments. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the oil and natural gas property balance. Settlements greater than or less than amounts accrued as ARO are recorded as a gain or loss upon settlement.

Share-based compensation – Compensation cost for equity awards is based on the fair value of the equity instrument on the date of grant and is recognized over the period during which an employee is required to provide service in exchange for the award.

The Company accounts for stock option awards using the calculated value method. The Company values warrant and option awards using the Black-Scholes option pricing model.

The Company accounts for any forfeitures of options when they occur. Previously recognized compensation cost for an award is reversed in the period that the award is forfeited.

The Company also issues equity awards to non-employees. The fair value of these option awards is estimated when the award recipient completes the contracted professional services. The Company recognizes the expense for the estimated total value of the awards during the period from their issuance until performance completion.

Income taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that the related tax benefits will not be realized.

Authoritative guidance for uncertainty in income taxes requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an examination. Management has reviewed the Company's tax positions and determined there were no uncertain tax positions requiring recognition in the consolidated financial statements. Company tax returns remain subject to federal and state tax examinations. Generally, the applicable statutes of limitation are six to four years from their respective filings.

Estimated interest and penalties related to potential underpayment on any unrecognized tax benefits are classified as a component of tax expense in the statements of operation. The Company has not recorded any interest or penalties associated with unrecognized tax benefits for the six months ended June 30, 2024, or for the six months ended March 31, 2023.

Revenue recognition – The Company's revenue is typically generated from contracts to sell natural gas, crude oil or NGLs produced from interests in oil and natural gas properties owned by the Company. Contracts for the sale of natural gas and crude oil are evidenced by (1) base contracts for the sale and purchase of natural gas or crude oil, which document the general terms and conditions for the sale, and (2) transaction confirmations, which document the terms of each specific sale. The transaction confirmations specify a delivery point which represents the point at which control of the product is transferred to the customer. The Company elects to treat contracts to sell oil and natural gas production as normal sales, which are then accounted for as contracts with customers. The Company has determined that these contracts represent multiple performance obligations, which are satisfied when control of the commodity transfers to the customer, typically through the delivery of the specified commodity to a designated delivery point.

Revenue is measured based on consideration specified in the contract with the customer, and excludes any amounts collected on behalf of third parties. The Company recognizes revenue in the amount that reflects the consideration it expects to be entitled to in exchange for transferring control of those goods to the customer. Amounts allocated in the Company's price contracts are based on the standalone selling price of those products in the context of long-term contracts. Payment is generally received one or two months after the sale has occurred.

Gain or loss on derivative instruments is outside the scope of ASC 606, *Revenue Recognition*, and is not considered revenue from contracts with customers subject to ASC 606. The Company may in the future use financial or physical contracts accounted for as derivatives as economic hedges to manage price risk associated with normal sales, or in limited cases may use them for contracts the Company intends to physically settle but do not meet all of the criteria to be treated as normal sales.

Producer Gas Imbalances. The Company applies the sales method of accounting for natural gas revenue. Under this method, revenues are recognized based on the actual volume of natural gas sold to purchasers.

Basic and diluted earnings (loss) per share – Basic earnings (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is computed in the same way as basic earnings (loss) per common share except that the denominator is increased to include the number of additional common shares that would be outstanding if all potential common shares had been issued and if the additional common shares were dilutive. The Company had no dilutive shares for the six months ended June 30, 2024, or for the six months year ended June 30, 2023.

Environmental laws and regulations – The Company is subject to extensive federal, state, and local environmental laws and regulations. Environmental expenditures are expensed or capitalized depending on their future economic benefit. The Company believes that it is in compliance with existing laws and regulations. The Company accrued no liability as of June 30, 2024 and December 31, 2023.

Recent accounting pronouncements adopted – In June 2016, the FASB issued ASC 326, Financial Instruments- Credit Losses ("ASC 326"), which replaces the current "incurred loss" methodology for recognizing credit losses with an "expected loss" methodology. This new methodology requires that a financial asset measured at amortized cost be presented at the net amount expected to be collected. This standard is intended to provide more timely decision-useful information about the expected credit losses on financial instruments. For smaller reporting companies, this guidance is effective for fiscal years beginning after December 15, 2022, and early adoption is permitted. The Company adopted this as of January 1, 2023. The adoption of ASC 326 did not have a material impact to our consolidated financial statements or results of operations.

4. OIL & NATURAL GAS PROPERTIES

The following table presents the capitalized costs for oil and natural gas properties of the Company:

	June 30, 2024	December 31, 2023
Evaluated costs subject to amortization	$ -	$ -
Unevaluated costs	109,586,181	107,910,429
Total capitalized costs	109,586,181	107,910,429
Less accumulated depreciation, depletion and amortization	-	-
Less accumulated impairment	(109,368,390)	(107,910,429)
Total oil and gas properties	$ 217,791	$ -

Unevaluated costs as of June 30, 2024, and December 31, 2023, include cumulative costs of developing projects including the Orogrande and Hazel Projects in West Texas, costs related to the Oklahoma Properties, and unevaluated costs related to the Louisiana Wildcat projects. The $217,791 balance of oil and natural gas properties as of June 30, 2024, is entirely attributable to the Wildcat projects. Accumulated impairment adjustments relate solely to the Orogrande Project. In accordance with required accounting adjustments related to the Spin-Off, the carrying value of the oil and natural gas assets were adjusted to fair value as of December 15, 2022. Impairment adjustments disclosed above were partially recorded as of December 31, 2022, as of December 31, 2023, March 31, 2024, and as of June 30, 2024.

The Company periodically adjusts for the separation of evaluated versus unevaluated costs within its full cost pool to recognize the value impairment related to the expiration of, or changes in market value, of unevaluated leases. The impact of reclassifications as they become necessary is to increase the basis for calculation of future period's depletion, depreciation and amortization which effectively recognizes the impairment on the consolidated statement of operations over future periods. Reclassified costs also become evaluated costs for purposes of ceiling tests, and which may cause recognition of increased impairment expense in future periods. There were no remaining cumulative unevaluated costs for the Orogrande Project which had been impaired within the Company's full cost pool totals as of June 30, 2024, or at December 31, 2023. The balance of oil and gas properties as of June 30, 2024 consists of accumulated costs associated with the Wildcat properties.

The Company had no proved reserve value associated with our properties as of June 30, 2024.

Due to the volatility of commodity prices, should oil and natural gas prices decline in the future, it is possible that a write-down could occur. Proved reserves are estimated quantities of crude oil, natural gas, and NGLs, which geological and engineering data demonstrate with reasonable certainty to be recoverable from known reservoirs under existing economic and operating conditions. The independent engineering estimates include only those amounts considered to be proved reserves and do not include additional amounts which may result from new discoveries in the future, or from application of secondary and tertiary recovery processes where facilities are not in place or for which transportation or marketing contracts are not in place. Estimated reserves to be developed through secondary or tertiary recovery processes are classified as unevaluated properties.

Current Projects

The Company is an energy company engaged in the acquisition, exploration, exploitation and/or development of oil and natural gas properties in the United States. The Company is primarily focused on the acquisition of early-stage projects, the development and delineation of these projects, and then the monetization of those assets once these activities are completed.

The Company's primary focus is the development of interests in oil and natural gas projects it holds in the Permian Basin in West Texas. The Company also holds minor interests in certain other oil and natural gas projects in Central Oklahoma.

As of June 30, 2024, the Company had interests in four oil and natural gas projects: the Orogrande Project in Hudspeth County, Texas, the Hazel Project in Sterling, Tom Green, and Irion Counties, Texas, two wells in Central Oklahoma, and the Wildcat properties that hold mineral leases in Louisiana.

Orogrande Project, West Texas

On August 7, 2014, Torchlight entered into a Purchase Agreement with Hudspeth, McCabe Petroleum Corporation ("MPC"), and Gregory McCabe ("Mr. McCabe"). Mr. McCabe was the sole owner of both Hudspeth and MPC. Under the terms and conditions of the Purchase Agreement, Torchlight purchased 100% of the capital stock of Hudspeth which held certain oil and natural gas assets, including a 100% working interest in approximately 172,000 predominately contiguous acres in the Orogrande Basin in West Texas. Mr. McCabe has, at his option, a 10% working interest back-in after payout and a reversionary interest if drilling obligations are not met, all under the terms and conditions of a participation and development agreement among Hudspeth, MPC and Mr. McCabe. Such back-in interest is expected to be contributed to the Company pursuant to that certain Contribution Agreement (as defined below). See Note 11—Subsequent Events for additional information regarding the Contribution Agreement. Mr. McCabe also holds a 4.5% overriding royalty interest in the Orogrande acreage, —which he obtained prior to, and was not a part of the August 2014 transaction.

Effective March 27, 2017, the Orogrande acreage became subject to a University Lands D&D Unit Agreement ("DDU Agreement"), which allows for all 192 existing leases covering approximately 134,000 gross acres leased from University Lands to be combined into one drilling and development unit for development purposes. The term of the DDU Agreement expires on December 31, 2024, and the time to drill on the drilling and development unit continues through December 31, 2024. The DDU Agreement also grants the right to extend the DDU Agreement through December 31, 2028 if compliance with the DDU Agreement is met and the extension fee associated with the additional time is paid. The Company expects to exercise its option to extend the term under the DDU Agreement prior to its expiration.

Drilling obligations under the DDU Agreement include five wells per year in years 2021, 2022, 2023, and 2024. The drilling obligations are minimum yearly requirements and may be exceeded if acceleration is desired.

Drilling Requirement 2023

Effective as of October 6, 2023, the Company and certain investor participants (each a "Participant" and collectively the "Participants") entered into twenty-five separate Participation Agreements (the "Participation Agreements"), "The Johnson Project", to conduct drilling of wells in approximately 17,000 acres in Hudspeth County, Texas, which is a portion of the Company's Orogrande Prospect. The aggregate total of Prospect Fees paid by the participants was $1,700,000.

As of December 31, 2023, and at June 30, 2024, the drilling requirements had been met and leases covering approximately 134,000 acres remain in effect.

Acquisition of Working Interest

On December 21, 2022, the Company entered into that certain Agreement and Plan of Merger (the "Merger Agreement") with Hudspeth, Wolfbone, MPC and Mr. McCabe, pursuant to which in a series of transactions the oil and natural gas leases, the lands covered by such leases, pooling and communitization agreements, rights-of-way, the surface estate of the lands and all wells located in Orogrande Project will be transferred, conveyed and assigned to Hudspeth (or its designated assignee) in consideration of (1) treating the Orogrande Obligations (as defined in the Merger Agreement) as having been irrevocably satisfied and discharged in full with respect to MPC and (2) an issuance of 56,297,638 shares of Company common stock to Mr. McCabe (such series of transactions collectively, the "Merger").

The Merger became effective on April 25, 2023. As a result of the Merger, the Company acquired Wolfbone's 22.6249% remaining rights to working interest in the Orogrande Project in consideration of the issuance by the Company of the 56,297,638 shares of the Company's common stock to Mr. McCabe.

The Merger was completed in accordance with the Texas Business Organizations Code, whereby (a) the Company formed NBH MergeCo, LLC with the State of Texas ("MergeCo") in order to cause Hudspeth to assign all of its rights under the Merger Agreement to MergeCo and MergeCo assumed Hudspeth's obligations under the Merger Agreement, (b) MergeCo, Wolfbone and MPC merged with each of Wolfbone and MPC as surviving entities, and (c) Wolfbone became a direct and wholly-owned subsidiary of the Company. The closing of the transactions contemplated by the Merger Agreement occurred on May 11, 2023.

On May 11, 2023, the Company and its wholly owned subsidiary, Hudspeth, entered into a contribution and exchange agreement with each of the prior working interest owners in the Orogrande Project named in the table below (each an "Orogrande Owner" and collectively, the "Orogrande Owners"), pursuant to which, the Company issued to the Orogrande Owners the number of shares of the Company's common stock set forth opposite such Orogrande Owner's name below in exchange for and in order to acquire such Orogrande Owner's rights to working interest in the Orogrande Project.

Schedule of Common Stock to be issued to Orogrande Owners

	Shares of Common Stock	**Working Interest Contribution**
Dingus Investments, Inc.	7,050,382	2.8334%
Pandora Energy, LP	6,220,779	2.5000%
Kennedy Minerals, Ltd	6,220,779	2.5000%
The de Compiegne Property Company No. 20, Ltd	6,220,779	2.5000%
Loma Hombre Energy, LLC	622,078	0.2500%
Sero Capital, LLC	725,840	0.2917%
TOTAL	**27,060,637**	**10.8751**%

The Orogrande Project ownership as of June 30, 2024, is detailed as follows:

	Revenue Interest	Working Interest
University Lands – Mineral Owner	20.000%	
ORRI – Magdalena Royalties, LLC, an entity controlled by Gregory McCabe, Chairman of the Board	4.500%	
ORRI – Unrelated Party	0.500%	
Hudspeth Oil Corporation, a subsidiary of Next Bridge Hydrocarbons, Inc.	56.250%	75.000%
Wolfbone Investments, LLC, a subsidiary of Next Bridge Hydrocarbons, Inc.	18.750%	25.000%
	100.000%	100.000%

Hazel Project in the Midland Basin in West Texas

Effective April 4, 2016, TEI acquired from MPC a 66.66% working interest in approximately 12,000 acres in the Midland Basin. A back-in after payout of a 25% working interest was retained by MPC and another unrelated working interest owner.

In October 2016, the holders of all of Torchlight's then-outstanding shares of Series C Preferred Stock (which were issued in July 2016) elected to convert into a total 33.33% working interest in our Hazel Project, reducing TEI's ownership from 66.66% to a 33.33% working interest.

Acquisition of Additional Interests in Hazel Project

On January 30, 2017, Torchlight entered into and closed an Agreement and Plan of Reorganization and a Plan of Merger with an entity which was wholly owned by Mr. McCabe, which resulted in the acquisition of approximately 40.66% working interest in the 12,000 gross acres, 9,600 net acres, in the Hazel Project.

Also on January 30, 2017, Torchlight entered into and closed a Purchase and Sale Agreement with Wolfbone. Under the agreement, Torchlight acquired certain of Wolfbone's Hazel Project assets, including its interest in the Flying B Ranch #1 well and the 40-acre unit surrounding the well.

Upon the closing of the transactions, the Torchlight working interest in the Hazel Project increased by 40.66% to a total ownership of 74%.

Effective June 1, 2017, Torchlight acquired an additional 6% working interest from unrelated working interest owners increasing its working interest in the Hazel project to 80%, and an overall net revenue interest of 75%.

Seven test wells have been drilled on the Hazel Project to capture and document the scientific base in support of demonstrating the production potential of the property.

Option Agreement with Masterson Hazel Partners, LP

On August 13, 2020, the Company's subsidiaries TEI and Torchlight Hazel (collectively, "Torchlight Subs") entered into an option agreement (the "Option Agreement") with Masterson Hazel Partners, LP ("MHP") and MPC. Under the agreement, MHP was obligated to drill and complete, or cause to be drilled and completed, at its sole cost and expense, a new lateral well (the "Well") on the Hazel Project, sufficient to satisfy Torchlight Subs's continuous development obligations on the southern half of the prospect no later than September 30, 2020. MHP has satisfied this drilling obligation. MHP paid to Torchlight Subs $1,000 as an option fee at the time of execution of the Option Agreement. MHP is entitled to receive, as its sole recourse for the recoupment of drilling costs, the revenue from production of the Well attributable to Torchlight Subs's interest until such time as it has recovered its reasonable costs and expenses for drilling, completing, and operating the well.

In exchange for MHP satisfying the above drilling obligations, Torchlight Subs granted to MHP the exclusive right and option to perform operations, at MHP's sole cost and expense, on the Hazel Project sufficient to satisfy Torchlight Subs's continuous development obligations on the northern half of the prospect. MHP declined to exercise its option to purchase the entire Hazel Project.

Hunton Play, Central Oklahoma

As of June 30, 2024, the Company was producing from one well in the Viking Area of Mutual Interest and one well in Prairie Grove.

Louisiana Projects

In March 2024, we enter into and closed a Contribution Agreement with Wildcat Partners SPV, LLC, a Delaware limited liability company ("Wildcat"), under which Wildcat transferred to us 100% of the issued and outstanding membership interests in each of (a) Wildcat Cowboy, LLC, a Texas limited liability company ("Cowboy"), (b) Wildcat Packer, LLC, a Texas limited liability company ("Packer"), (c) Wildcat Panther, LLC, a Texas limited liability company ("Panther") and (d) Wildcat Valentine, LLC, a Texas limited liability company ("Valentine"). As consideration, we issued 2,500,000 shares of our common stock, under the terms and conditions of the Contribution Agreement.

MPC previously owned and sold to Wildcat the underlying oil and gas prospects owned by Cowboy, Packer, Panther and Valentine. MPC always retained a 25% back-in after payout and various overriding royalty interests in the prospects owned by Cowboy, Packer, Panther and Valentine, but MPC agreed to waive its 25% back-in after payout but retain its overriding royalty interests in all such prospects in an effort to facilitate the transactions described below, including the sale of the leases owned by Valentine, including a leasehold estates in approximately 3,878.90 gross acres and 3,626.25 net acres of land situated in Lafourche Parish, Louisiana (the "Valentine Leases"), and the leases owned by Panther, including leasehold estates in approximately 618 gross acres and 618 net acres of land situated in Acadia Parish, Louisiana (the "Panther Leases"), the leases owned by Packer, including leasehold estates in approximately 4,349 gross acres and 4,349 net acres of land situated in Acadia and Lafourche Parish, Louisiana (the "Packer Leases"), the leases owned by Cowboy, including leasehold estates in approximately 835 gross acres and 835 net acres of land situated in Acadia Parish, Louisiana (the "Cowboy Leases).

Concurrent with the closing of the above transactions with Wildcat, we entered into and closed a Participation Agreement with Magnetar an unrelated developer of oil and gas properties ("Magnetar") under which we sold a 100% working interest, entitled to not less than a 75% net revenue interest, in and to the Valentine Leases, along with a 100% right, title and interest in all contracts affecting the Valentine Leases, all under the terms and conditions of such Participation Agreement, including the following consideration: (a) Magnetar paid $964,448 from which we are required to pay bonuses of $240,000 to consultants resulting in net proceeds to us of $664,448; (b) Magnetar agrees to pay all delay rentals pertaining to the Valentine Leases which accrue during calendar year 2024 and during the months of January through August of 2025, provided, however, that if the initial test well is commenced at any time prior to the end of August, 2025, Magnetar's obligation to bear delay rental expenses thereafter will be deemed terminated, and the obligation for the payment of subsequent delay rentals shall be governed by the subject operating agreement; (c) in the event Magnetar has not commenced actual drilling operations on lands covered by the Valentine Leases on or prior August 31,

2025, then Developer shall have the option to continue paying rentals or extending the leases within the Area of Mutual Interest (the "AMI") until December 31, 2026; (d) we will have the option to participate for up to a 1/3 working interest in the initial test well to be undertaken by Magnetar on lands covered by the Valentine Leases, with this right to extend to subsequent wells to be undertaken by Magnetar, subject to the further provisions regarding operations; and (e) at least three working days prior to its spudding the initial test well, Magnetar will pay to us a spud fee of $600,000 of which $360,000 of the cost thereof will be shared with consultants leaving us with $240,000.

Also concurrent with the closing of the above transactions with Wildcat, we enter into and closed a Participation Agreement with Magnetar under which we sold to Developer a 100% working interest, entitled to not less than a 75% net revenue interest, in and to the Panther Leases covering approximately 618 gross acres of land situated within the AMI provided therein, along with a 100% right, title and interest in all contracts affecting the Panther Leases, for the following consideration: (a) Magnetar paid $428,918.05 to us and $70,081.95 to MPC for delay rentals paid by it; (b) Magnetar agrees to reimburse McCabe for its payment of delay rentals to sustain certain of the Panther Leases coming due in March and April 2024 in the amount of $70,081.98; (c) Magnetar agrees to pay all delay rentals pertaining to the Panther Leases which accrue during calendar year 2024, shown to be $23,888.90; (d) in the event Magnetar is unable to commence actual drilling operations on lands covered by the Subject Panther Leases on or prior February 1, 2025, then Magnetar shall have the option to extend or take new leases on any of the Panther Leases that would expire during the following 12 calendar months; (e) we will have the option to participate up to a 1/3 working interest in the initial test well to be undertaken by Magnetar on lands covered by the Panther Leases, with this right to extend to subsequent wells to be undertaken by Magnetar, subject to the further provisions regarding operations; (f) prior to its spudding the initial test well, Magnetar will pay to us a spud fee equal to $100,000 of which $20,000 will be shared with a consultant.

The company has recorded a Gain on the Sale of properties from the Wildcat acquisition of $618,504 as of June 30, 2024.

The McCabe Contribution Agreement

On July 25, 2023, the Company entered into a Contribution Agreement among the Company, Mr. McCabe, and MPC, an entity exclusively owned and operated by Mr. McCabe (the "McCabe Contribution Agreement"), pursuant to which Mr. McCabe will contribute up to a ten percent (10%) back-in working interest option for the Orogrande Project exercisable following the point in time at which the proceeds of all production from all operations conducted on the Orogrande Project (exclusive of royalty, overriding royalty and taxes chargeable to the working interest) equals the actual cost incurred by NBH and its predecessors in drilling, testing, equipping and the cost of operating the wells located on the Orogrande Prospect, inclusive of overhead charges (the "Back-In Interest"), an option originally granted to Mr. McCabe pursuant to that certain Participation Agreement, dated September 23, 2014 (the "Participation Agreement"), by and among Mr. McCabe, Hudspeth, and MPC, and MPC will contribute up to one hundred percent (100%) of the interest currently held by MPC in the drilling project located on over 1,150 acres in Vermillion Parish, Louisiana (the "Bronco Prospect"). Pursuant to the McCabe Contribution Agreement, and subject to the satisfaction of certain conditions provided therein, including the effectiveness of the Company's Registration Statement on Form S-1 (File No. 333-273442) filed with the SEC on July 26, 2023 (as amended, the "Registration Statement"), Mr. McCabe would contribute an amount of the Back-In Interest and MPC would contribute an amount of the Bronco Prospect in proportion to the percentage of shares of common stock of NBH that were directly registered in the name of the beneficial owner with the Company's transfer agent on or prior to the record date (as defined in the Registration Statement) and remain directly registered with the Company's transfer agent for the holding period (as defined in the Registration Statement). The Registration Statement, however, was ultimately withdrawn at the request of the SEC and the Company is presently evaluating other alternatives.

During the six months ended June 30, 2024, we recorded an account payable to MPC of $97,027 to recognize payments made previously by MPC to maintain the Bronco oil and natural gas leases. Since the transfer of the Bronco project has not occurred as of June 30, 2024, these costs are recorded as Prepayments - development costs.

5. RELATED PARTY BALANCES

The 2021 Note and Loan Agreement

On October 1, 2021, the Company entered into a note payable with Meta, its former parent, to borrow up to $15 million which bears interest at 8% per annum, computed on the basis of a 360-day year (the "2021 Note"). The 2021 Note was initially to mature on March 31, 2023 (the "2021 Note Maturity Date"); provided, however, if the Company raised $30 million or more in capital through debt or equity or a combination thereof by the 2021 Note Maturity Date, the 2021 Note Maturity Date would be extended to September 30, 2023, and the outstanding principal of the 2021 Note would amortize in six equal, monthly installments. If an event of default has occurred and is continuing, interest on the 2021 Note may accrue at the default rate of 12% per annum. The outstanding principal of the 2021 Note, together with all accrued interest thereon, becomes due on the 2021 Note Maturity Date. The 2021 Note includes a restrictive covenant that, subject to certain exceptions and qualifications, restricts the Company's ability to merge or consolidate with another person or entity, or sell or transfer all or substantially all of its assets, unless the Company is the surviving entity, or the successor entity assumes all of obligations under the 2021 Note. The 2021 Note is collateralized by certain shares of common stock in Meta held by one of Meta's stockholders, Mr. McCabe, and by a lien on a 25% interest in the Orogrande Project owned by

Wolfbone, a subsidiary of the Company.

On September 2, 2022, the Company entered into a loan agreement with Meta, as lender (the "Loan Agreement") that would govern prior loan amounts advanced to the Company from Meta. As of August 11, 2022, and August 29, 2022, the Company borrowed an additional $1.2 million and $1.46 million, respectively, representing the remaining amount available for borrowing under the Loan Agreement and resulting in a total of $5 million principal amount outstanding related to the Loan Agreement, the proceeds of which were used for working capital and general corporate purposes. The term loans under the Loan Agreement bear interest at a per annum rate equal to 8% and were to mature on March 31, 2023 (the "Maturity Date"); provided, however, if the Company raised $30 million or more in capital through debt or equity, or a combination thereof by the Maturity Date, the Maturity Date would be extended to October 3, 2023 and the term loan would be amortized in six equal monthly installments. The Loan Agreement includes customary representations and covenants that, subject to exceptions and qualifications, restrict our ability to do certain things, such as: engage in mergers, acquisitions, and asset sales; transact with affiliates; undergo a change in control; incur additional indebtedness; incur liens; make loans and investments; declare dividends or redeem or repurchase equity interests; and enter into certain restrictive agreements. In addition, the Loan Agreement contains customary events of default, mandatory prepayment events and affirmative covenants, including, without limitation, covenants regarding the payment of taxes and other obligations, maintenance of insurance, maintenance of our material properties, reporting requirements, compliance with applicable laws and regulations, and formation or acquisition of new subsidiaries.

On March 31, 2023, the Company entered into an amendment to the 2021 Note and an amendment to Loan Agreement in order to extend each of the 2021 Note Maturity Date and the Maturity Date respectively from March 31, 2023, to October 3, 2023. Such amendments also removed the provisions allowing for extensions of the 2021 Note Maturity Date and the Maturity Date in the event the Company raised $30 million or more in capital through debt or equity or a combination thereof by March 31, 2023.

Under the terms of the Arrangement Agreement that governed the merger transaction between Torchlight and Meta in June 2021, the oil and natural gas assets were to be sold or spun out from Meta and the costs of any sale or spin-off incurred by Meta were to be borne the then-existing shareholders of Torchlight. The amount of the reimbursement payable to Meta in connection with the Spin-Off is $2.59 million which was added to the principal amount of the Loan Agreement for a principal balance outstanding of $7.59 million as of March 31, 2023. Concurrently with the amendment to the Loan Agreement, the Company made a prepayment of $1 million to reduce the principal balance to $6.59 million.

On August 7, 2023, Mr. McCabe and Meta entered into a Loan Sale Agreement whereby Mr. McCabe purchased from Meta (i) the 2021 Note and (ii) all outstanding loans made to the Company by Meta pursuant to the Loan Agreement (the "Loan Purchase"). As a result of the Loan Purchase, Mr. McCabe replaced Meta as the lender and secured party under the 2021 Note and the Loan Agreement. Additionally, as part of the Loan Purchase, Meta assigned to Mr. McCabe its lien on 25% of the Orogrande Prospect. The Company's obligations and responsibilities under the 2021 Note and the Loan Agreement remain unchanged.

The combined balance on the 2021 Note and the Loan Agreement as of June 30, 2024, was $21.22 million. As of June 30, 2024, the combined total accrued and unpaid interest under the 2021 Note and the Loan Agreement was $3.91 million.

On October 1, 2023, the Company entered into an amendment to the 2021 Note and an amendment to Loan Agreement in order to extend each of the 2021 Note Maturity Date and the Maturity Date respectively from October 3, 2023 to March 31, 2024. An additional Amendment in March, 2024 extended the maturity date to September 30, 2024.

<u>December 2022 Note</u>

On December 22, 2022, the Company issued an unsecured promissory note in the principal amount of up to $20 million in favor of Mr. McCabe (the "2022 Note"), which bears interest at 5% per annum, computed on the basis of a 365-day year.

On December 31, 2023, the Company entered into an amendment to the 2022 Note in order to extend the 2022 Note Maturity Date to March 31, 2024. An additional Amendment in March, 2024 extended the maturity date to September 30, 2024.

As of June 30, 2024, the Company had $21.28 million in principal amount outstanding under the 2022 Note. As of June 30, 2024, the Company had $1.3 million in accrued but unpaid interest on the 2022 Note.

As of June 30, 2024, the total Related Party balances include the 2021 Note and Loan Agreement and the December 2022 Note, as detailed above, totaling $42.50 million, and additional borrowing and adjustment to the December 2022 Note during the six months ended March 31, 2024, as detailed below:

On January 23, 2024, Mr. McCabe loaned $1,000,000 to us, which was evidenced under a 0% Senior Unsecured Promissory Note effective as of that date (the "McCabe Note"), which provided, among other things, that the loan will be due on February 28, 2025, with the Company having the

option to extend the loan by one additional year. The loan will bear interest at the rate of 0% per annum and will be payable in one balloon payment of principal and interest on the maturity date. If we elect to extend the loan for one year, the loan will continue to bear interest at the rate of 0% per annum and will be payable in one balloon payment of principal and interest on the extended maturity date. Additionally, on March 28, 2024, $278,053 was added to the principal of the loan in lieu of reimbursing Mr. Mcabe for lease rentals connected to the Louisiana properties acquired on that date.

Imputed interest has been recorded on the -0-% note in the amount of $12,500 for the six months ended June 30, 2024.

During the six months ended June 30, 2024, we recorded an account payable to MPC to recognize payments made previously by MPC to maintain the Bronco oil and natural gas leases. Since the transfer of the Bronco project has not occurred as of June 30, 2024, these costs are recorded as Prepayments - development costs.

6. COMMITMENTS AND CONTINGENCIES

Legal Matters

On April 30, 2020, the Company's wholly owned subsidiary, Hudspeth, filed suit against Datalog LWT, Inc. d/b/a Cordax Evaluation Technologies ("Cordax"). The suit, *Hudspeth and Wolfbone Investments, LLC v. Datalog LWT, Inc. d/b/a Cordax Evaluation Technologies*, was filed in the 189th Judicial District Court of Harris County, Texas. The suit seeks the recovery of approximately $1.4 million in costs incurred as a result of a tool failure during drilling activities on the University Founders A25 #2 well that is located in the Orogrande Field. Wolfbone, a subsidiary of the Company, is a co-plaintiff in that action. After the suit was filed, Cordax filed a mineral lien in the amount of $104,500 against the Orogrande Field and has sued the operator and counterclaimed against Hudspeth for breach of contract, seeking the same amount as the lien. Meta, as the Company's parent at the time, determined to add the manufacturer of one of the tool components that it contends was one of the causes of the tool failure. It was later disclosed that Cordax is the subsidiary of a Canadian parent company, who has also been added to the case. Cordax's current Chairman of the Board filed a special appearance after being served with a citation, alleging that he was a Canadian citizen with no meaningful ties to Texas. After discovery was conducted on this issue, a nonsuit without prejudice for this defendant was filed, dismissing him from the case. The remaining parties attended mediation on June 15, 2022, that was unsuccessful in resolving the case. Cordax filed a motion for summary judgment, attempting to dismiss Hudspeth and Wolfbone's claims. The Court denied Cordax's motion. Discovery is substantially complete. The Company is required to indemnify Meta in connection with this matter pursuant to the terms of the Distribution Agreement with Meta entered into in connection with the consummation of the Spin-Off. Prior to trial, in 2024, the parties settled the case. As soon as Cordax fulfills its payment obligations to Hudspeth (the amount of which is confidential), the Harris County case will be dismissed with prejudice. Cordax's releases of Hudspeth and Wolfbone were effective when the Settlement Agreement was signed, May 16, 2024.

On March 18, 2021, Cordax filed a lawsuit in Hudspeth County, Texas seeking to foreclose its mineral lien against the Orogrande Field in the amount of $104,500.01 and recover related attorney's fees. The foreclosure action, *Datalog LWT Inc. d/b/a Cordax Evaluation Technologies v. Torchlight Energy Resources, Inc.*, was filed in the 205th Judicial District Court of Hudspeth County, Texas. The Company is contesting the lien in good faith and filed a Plea in Abatement on May 10, 2021, seeking a stay in the Hudspeth County lien foreclosure case pending final disposition of the related case currently pending in Harris County, Texas. The Company is required to indemnify Meta in connection with this matter pursuant to the terms of the Distribution Agreement with Meta. As part of the settlement in the Harris County case, Cordax has released the mineral lien, and the case has been dismissed with prejudice.

During June 2024, $306,554 was received as the initial settlement payment arising from the Cordax matter. Additional settlement funds in an amount to be determined will be forthcoming.

On March 15, 2024, a securities class action captioned *Targgart v. Next Bridge Hydrocarbons, Inc., et al.*, No. 24-cv-1927, was filed in the U.S. District Court for the Eastern District of New York. The action is brought on behalf of a putative class of persons or entities that acquired the Company's shares in connection with the Company's spin-off from Meta Materials, Inc., in December 2022. The complaint names as defendants the Company and certain of its current and former officers and directors. The complaint asserts claims under Sections 11 and 15 of the Securities Act, alleging that the Form S-1 that the Company filed with the SEC on July 14, 2022, which became effective on November 18, 2022, contained untrue statements or omissions. The complaint seeks, among other things, unspecified statutory and compensatory damages.

On May 7, 2024, a stockholder derivative petition captioned *Bartok v. Greg McCabe, et al.*, No. 017-352565-24, was filed in the District Court of Tarrant County, Texas. The petition names the Company as a nominal defendant and asserts breach of fiduciary duty and other assorted claims against current and former officers and directors of the Company and of Meta Materials, Inc. The stockholder makes allegations about the defendants' conduct in the Company's 2022 spin-off from Meta Materials, Inc., and alleges continuing breaches by failing to correct allegedly misleading statements made in connection with the spin-off.

Environmental Matters

The Company is subject to contingencies as a result of environmental laws and regulations. Present and future environmental laws and regulations applicable to the Company's operations could require substantial capital expenditures or could adversely affect its operations in other ways that cannot be predicted at this time. As of June 30, 2024, and December 31, 2023, no amounts had been recorded because no specific liability has been identified that is reasonably probable of requiring the Company to fund any future material amounts.

7. STOCKHOLDERS' EQUITY

The Company has 500,000,000 authorized shares of common stock, par value of $0.0001 per share and 50,000,000 authorized shares of preferred stock, par value of $0.0001 per share. As of December 31, 2022, the Company had 165,472,241 outstanding shares of common stock that had been issued in the Spin Out transaction on December 14, 2022, and no shares of preferred stock outstanding.

On April 25, 2023, the Company issued 83,358,275 shares of common stock for the acquisition of additional working interest in the Orogrande Project.

As of December 31, 2023, the Company had 248,830,516 outstanding shares of common stock and no shares of preferred stock outstanding.

Six Months ended June 30, 2024

Effective February 29, 2024, the Company issued 500,000 shares of common stock as compensation under a third party consulting agreement.

In March 2024, we enter into and closed a Contribution Agreement with Wildcat Partners SPV, LLC, a Delaware limited liability company ("Wildcat"), under which Wildcat transferred to us 100% of the issued and outstanding membership interests in each of (a) Wildcat Cowboy, LLC, a Texas limited liability company ("Cowboy"), (b) Wildcat Packer, LLC, a Texas limited liability company ("Packer"), (c) Wildcat Panther, LLC, a Texas limited liability company ("Panther") and (d) Wildcat Valentine, LLC, a Texas limited liability company ("Valentine"). As consideration, we issued 2,500,000 shares of our common stock, under the terms and conditions of the Contribution Agreement.

On April 2, 2024, we entered into a Consulting Agreement with a third party individual, under which the Consultant has agreed to provide analysis and advisory services to us for consideration of 100,000 shares of common stock.

As of June 30, 2024, the Company had 251,930,516 outstanding shares of common stock and no shares of preferred stock outstanding.

Stock Based Compensation

In 2022, the Company's board of directors adopted, and the stockholders approved, the 2022 Equity Incentive Plan (the "2022 Plan"). The 2022 Plan permits the Company to grant stock options, restricted stock, restricted stock units, performance shares awards and any one or more of the foregoing, for up to a maximum of 58,273,612 shares following an automatic increase to the number of shares reserved under the 2022 Plan on January 1, 2023. During the first and second quarters, 2023 the Company granted 35,856,521 stock options as authorized under the 2022 Plan. Vesting is subject to continued service with the Company for up to one year with provisions for earlier vesting subject to the attainment of events outlined in the Plan. Upon the resignations by certain of the Company's employees in second quarter, 2023, 6,618,889 of the options granted to those employees were forfeited, canceled and returned to the option pool available under the 2022 Plan.

Vesting was subject to continued service with the Company for up to one year with provisions for earlier vesting subject to the attainment of events outlined in the Plan.

Options were fully vested as of December 31, 2023.

Options granted were valued using the Black-Scholes Option Pricing Model resulting in a total value for 2023 of $4,781,279.

Inputs to the Black-Scholes Model are as follows:

Risk-free interest rate	4.00%

Expected volatility of common stock	125.39%
Dividend yield	0.00%
Discount due to lack of marketability	0%
Expected life of option/warrant	Ten Years

Option expense for the six months ended June 30, 2024 and the year ended December 31, 2023, net of forfeitures, was $-0- and $4,781,279, respectively. No options were granted in the six months ended June 30, 2024.

A summary of stock options outstanding as of June 30, 2024, all of which expire in 2033, including the relevant exercise price is presented below:

Exercise Price	Expiration 2033	Total
$ 1.2056	29,237,632	29,237,632
	29,237,632	29,237,632

Stock based compensation expense of $108,000 for the six months ended June 30, 2024, reflects compensation attributable to the six months then ended for consulting services under a Consulting Agreement effective February 29, 2024, prescribing compensation in the form of 500,000 shares of common stock valued at $90,000, and for consulting services under a Consulting Agreement effective April 2, 2024, prescribing compensation in the form of 100,000 shares of common stock valued at $18,000.

8. **INCOME TAXES**

The Company recorded no income tax provision at June 30, 2024 and December 31, 2023 because of anticipated losses for the 2024 fiscal year and actual losses incurred in 2023.

The Company estimates its annual effective income tax rate in recording its quarterly provision for income taxes in the various jurisdictions in which it operates. Statutory tax rate changes and other significant or unusual items are recognized as discrete items in the quarter in which they occur. The Company recorded no income tax expense for the six months ended June 30, 2024 because the Company expects to incur a tax loss in the current year. Similarly, no income tax expense was recognized for the year ended December 31, 2023.

The Company had a Gross deferred tax asset related to federal net operating loss carryforwards of $71,123,129 and $67,582,243 at June 30, 2024 and December 31, 2023, respectively. The federal net operating loss carryforward will begin to expire in 2034. Realization of the deferred tax asset is dependent, in part, on generating sufficient taxable income prior to expiration of the loss carryforwards. The Company has placed a 100% valuation allowance against the net deferred tax asset because future realization of these assets is not assured.

9. NOTES PAYABLE

2021 Note

On October 1, 2021, we issued a secured, revolving promissory note in an original principal amount of up to $15 million, which was subsequently increased to $20 million, in favor of Meta (as amended to date, the "2021 Note"). The 2021 Note was fully drawn with a principal balance outstanding of $20 million, bears interest at 8% per annum, computed on the basis of a 360-day year. If an event of default has occurred and is continuing, interest on the 2021 Note may accrue at the default rate of 12% per annum.

On August 7, 2023, following the Loan Purchase, Mr. McCabe replaced Meta as the lender and secured party under the 2021 Note but the Company's obligations under the 2021 Note remain unchanged.

On December 31, 2023, the Company and Mr. McCabe as successor in interest to Meta entered into an amendment to the 2021 Note and an amendment to the Loan Agreement extending the 2021 Note Maturity Date and the Maturity Date. An additional Amendment effective June 30, 2024 extended the maturity dates to September 30, 2024.

Loan Agreement

Additionally, we have an aggregate principal balance of $6,589,362 outstanding under the Loan Agreement with Mr. McCabe as successor-in-interest to Meta, which bears interest at a fixed rate of 8% per annum if no event of default exists, and at a fixed rate of 12% per annum if an event

of default exists.

On December 31, 2023, the Company and Mr. McCabe entered an amendment to the 2022 Note extending the 2022 Note Maturity Date. An additional Amendment effective June 30, 2024 extended the maturity date to September 30, 2024.

The combined balance on the 2021 Note ($15 million) and the Loan Agreement ($6.2 million) as of June 30, 2024, was $21.22 million. As of June 30, 2024, the total accrued and unpaid interest under the 2021 Note and the Loan Agreement was $3.91 million.

December 2022 Note

In connection with the Merger, on December 22, 2022, the Company entered into an additional Note in the principal amount of up to $20 million in favor of Mr. McCabe. Mr. McCabe is the largest shareholder of the Company's common stock and the chairman of the board of directors of the Company. As of June 30, 2024, the Company had a balance of $21.28 million and accrued and unpaid interest of $1.332 million due under the 2022 Note. An Amendment effective June 30, 2024 extended the maturity date to September 30, 2024.

As of June 30, 2024, the Company had $21.28 million in principal amount outstanding under the 2022 Note. As of June 30, 2024, the Company had $1.3 million in accrued but unpaid interest on the 2022 Note.

As of June 30, 2024, Notes Payable – related party includes balances of the 2021 Note and Loan Agreement and the December 2022 Note, as detailed above, totaling $42.50 million, and additional borrowing and adjustment to the December 2022 note during the six months ended June 30, 2024, as detailed below:

On January 23, 2024, Mr. McCabe loaned $1,000,000 to us, which was evidenced under a 0% Senior Unsecured Promissory Note effective as of that date (the "McCabe Note"), which provided, among other things, that the loan will be due on February 28, 2025, with the Company having the option to extend the loan by one additional year. The loan will bear interest at the rate of 0% per annum and will be payable in one balloon payment of principal and interest on the maturity date. If we elect to extend the loan for one year, the loan will continue to bear interest at the rate of 0% per annum and will be payable in one balloon payment of principal and interest on the extended maturity date.

Imputed interest has been recorded on the -0-% note in the amount of $12,500 for the six months ended June 30, 2024.

CAPCO Note February 2024

On February 29, 2024, CAPCO Holding, Inc., a Texas corporation ("Capco"), loaned us $2,000,000 under a 12% Secured Promissory Note (the "Capco Note"), which provides, among other things, that the loan will be due in one year, with us having the option to extend the loan by one additional year. The loan will bear interest at the rate of 12% per annum and will be payable in one balloon payment of principal and interest on the maturity date. If we elect to extend the loan for one year, we must pay all accrued interest for that first year, and thereafter, the loan will bear interest at a rate that is mutually agreeable to us and Capco, which rate will not exceed 18% per annum, and will be payable in one balloon payment of principal and interest on the extended maturity date. As part of the transaction, Gregory McCabe, our Chairman and Chief Executive Officer, entered into a Stock Pledge and Security Agreement with Capco under which he pledged 250,000 of his shares of common stock of the Company to secure our obligations under the Capco Note. Further, Mr. McCabe entered into a Subordination Agreement (the "Subordination Agreement") with Capco and us under which Mr. McCabe agreed to subordinate all of the Company's indebtedness and obligations owed to Mr. McCabe to the Capco Note, under the terms and conditions of the Subordination Agreement. Accrued and unpaid interest as of June 30, 2024 was $80,502.

10. ASSET RETIREMENT OBLIGATIONS

The following is a reconciliation of the asset retirement obligations liability through June 30, 2024:

Asset retirement obligations – December 31, 2023	$	248,651
Accretion expense		5,903
Estimated liabilities recorded		-
Asset retirement obligations –March 31, 2024	$	254,554
Accretion expense		5,285
Estimated liabilities recorded		-
Settlement of ARO obligation		(26,670)
Asset retirement obligations – June 30, 2024	$	233,169

11. SUBSEQUENT EVENTS

None

12. EXPLANATION OF THE RESTATEMENT

This Form 10-Q amends and restates the 2023 Original Filing to present restated consolidated financial statements for the six months ended June 30, 2023 and related disclosures arising from an impairment analysis of the Orogrande properties during the 2023 audit and the related reaudit of the Company's fiscal year 2022 consolidated financial statements.

Items Amended in this Filing – Refer to detail descriptions of adjustments below after each Statement.

NEXT BRIDGE HYDROCARBONS INC
CONSOLIDATED BALANCE SHEETS
Unaudited

	As Originally Reported June 30, 2023	Adjustment	As Restated June 30, 2023
ASSETS			
Current assets:			
Cash	$ 737,404	$ -	$ 737,404
Prepayments - development costs	4,034	-	4,034
Prepaid expenses	32,614	-	32,614
Total current assets	774,052	-	774,052
Oil and natural gas properties, net	118,255,432	(118,255,432)	-
Other assets	80,179	-	80,179
TOTAL ASSETS	$ 119,109,663	$ (118,255,432)	$ 854,231
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 1,271,140	$ -	$ 1,271,140
Note Payable - META	21,589,362	-	21,589,362
Note Payable - Related Party	19,000,000	-	19,000,000
Accrued interest payable	2,511,173	-	2,511,173
Total current liabilities	44,371,675	-	44,371,675
Asset retirement obligations	258,802	-	258,802
Total liabilities	44,630,477	-	44,630,477
Commitments and contingencies			
Stockholders' equity (deficit):			
Preferred stock, par value $0.001, 500,000,000 shares authorized; -0- issued and outstanding June 30, 2023 and December 31, 2022	-	-	-
Common stock, par value $0.001; 500,000,000 shares authorized; 248,830,516 issued and outstanding at June 30, 2023;	99,905	(75,022)	24,883
Additional paid-in capital	80,133,023	(11,731,847)	68,401,176
Accumulated deficit	(5,753,742)	(106,448,563)	(112,202,305)

Total stockholders' equity	74,479,186	(118,255,432)	(43,776,246)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$119,109,663	$(118,255,432)	$ 854,231

June 30, 2023, Balance Sheet restatement reflects the Impairment adjustment to the carrying value of the Company's Orogrande Oil and Natural Gas properties as discussed above. An additional restatement to Additional Paid in Capital was made to adjust Stock Compensation Expense for the Six Months ended June 30, 2023 and to recognize an adjustment to the value per share of common stock issued in exchange for working interest.

NEXT BRIDGE HYDROCARBONS INC
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited

	As Originally Reported Six Months Ended June 30, 2023	Adjustment	As Restated Six Months Ended June 30, 2023
Oil and natural gas sales	$ 15,765	$ -	$ 15,765
Operating expenses:			
Lease operating expenses	26,510	-	26,510
Production taxes	1,135	-	1,135
General and administrative	4,831,325	687,833	5,519,158
Impairment expense	-	25,008,677	25,008,677
Total operating expenses	4,858,970	25,696,510	30,555,480
Other income			
Interest expense	-	-	-
Interest income	1	-	1
Total other income	1	-	1
Loss before income taxes	4,843,204	25,696,510	30,539,714
Provision for income taxes	-	-	-
Net loss	$ 4,843,204	$ 25,696,510	$ 30,539,714
Loss per common share:			
Basic and Diluted	$ 0.02		$ 0.16
Weighted average number of common shares outstanding:			
Basic and Diluted	195,407,533		195,407,533

Adjustment to the Statement of Operations reflects the impairment adjustment related to the Orogrande properties for the Six Months ended June 30, 2023, described above, includes an adjustment of $696,873 to increase Stock Compensation Expense for the Six Months ended June 30, 2023, and a decrease of $9,040 in general and administrative expense arising from the reversal of an adjustment of accounts payable cut off at December 31, 2022.

NEXT BRIDGE HYDROCARBONS INC
CONSOLIDATED STATEMENTS OF CASH
Unaudited

	As Originally Reported Six Months Ended June 30, 2023	Adjustment	As Restated Six Months Ended June 30, 2023
Cash Flows From Operating Activities			
Net loss	$ (4,843,204)	$(25,696,510)	$ (30,539,714)
Adjustments to reconcile net loss to net cash from operations:			
Accretion expense	11,936	-	11,936
Interest paid in kind	-	-	-
Expense related to stock options issued	528,927	696,873	1,225,800
Impairment expense	-	25,008,677	25,008,677
Change in:			
Accounts receivable	-	-	-
Accounts receivable, related party	-	-	-
Prepayments - development costs	150,000	-	150,000
Prepaid expenses	25,652	-	25,652
Accounts payable and accrued expenses	(2,604,872)	(1,056,126)	(3,660,998)
Net cash from operating activities	(6,731,561)	(1,047,086)	(7,778,647)
Cash Flows From Investing Activities			
Investment in oil and natural gas properties	(8,900,988)	1,047,086	(7,853,902)
Net cash from investing activities	(8,900,988)	1,047,086	(7,853,902)
Cash Flows From Financing Activities			
Proceeds from notes payable, related party	17,000,000	-	17,000,000
Payments on promissory notes	(1,000,000)	-	(1,000,000)
Payments on accrued interest	(199,345)	-	(199,345)
Contributions from parent	-	-	-
Net cash from financing activities	15,800,655	-	15,800,655
Net increase (decrease) in cash	168,106	-	168,106
Cash - beginning of period	569,298	-	569,298
Cash - end of period	$ 737,404	$ -	$ 737,404
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 199,345	$ -	$ 199,345
Supplemental disclosure of non-cash investing and financing activities:			
Common stock issued for working interest	$ 28,341,814	$(12,503,742)	$ 15,838,072
Capitalized Interest	$ 1,139,183	$ -	$ 1,139,183

Adjustments to the Cash Flow for the Six Months ended June 30, 2023 reflect the impairment adjustment related to the Orogrande properties described above, an increase in accounts payable of $9,040 for general and administrative expense, adjustment of accounts payable cut off for development costs of $1,047,086 at December 31, 2022, and an increase in Stock Compensation Expense for the Six Months ended March 31, 2023.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes that are included elsewhere in this report and the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023. Some of the information contained in this discussion and analysis constitutes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those

discussed below and elsewhere in this report, particularly under the section titled "Cautionary Statement Concerning Forward-Looking Statements."

Executive Summary

We were incorporated in Nevada on August 31, 2021, as OilCo Holdings, Inc. and changed our name to Next Bridge Hydrocarbons, Inc. pursuant to our Amended and Restated Articles of Incorporation filed on June 30, 2022. We are an energy company engaged in the acquisition, exploration, exploitation and development of oil and natural gas properties in the United States. Our primary focus has been the development of interests in an oil and natural gas project we hold in the Orogrande Basin in West Texas in Hudspeth County, Texas (the "Orogrande Project"). In addition, we have minor interests in the Eastern edge of the Midland Basin in Sterling, Tom Green and Irion Counties, Texas (the "Hazel Project"), two minor well interests located in Oklahoma (the "Oklahoma Properties") and undeveloped mineral lease interests in Louisiana (the "Wildcat Project").

We operate our business through nine wholly owned subsidiaries: Torchlight Energy, Inc. (TEI), Hudspeth Oil Corporation, Torchlight Hazel, LLC, Wolfbone Investments LLC, Hudspeth Operating LLC (Hudspeth), Wildcat Panther LLC, Wildcat Valentine LLC, Wildcat Cowboy LLC, and Wildcat Packer LLC.

The Orogrande Project is subject to the University Lands D&D Unit Agreement (the "DDU Agreement") which allows for all 192 existing leases covering approximately 134,000 gross acres leased from University Lands to be combined into one drilling and development unit for development purposes. The term of the DDU Agreement expires on December 31, 2024, and the time to drill on the drilling and development unit continues through December 31, 2024. The DDU Agreement also grants the right to extend the DDU Agreement through December 31, 2028 if we are in compliance with the DDU Agreement and the extension fee associated with the additional time is paid. We expect to exercise the option to extend prior to the expiration of the DDU Agreement. As of June 30, 2024, leases covering approximately 134,000 acres remain in effect. Our drilling obligations under the DDU Agreement include five wells for 2024.

Effective as of October 6, 2023, the Company and certain investor participants (each a "Participant" and collectively the "Participants") entered into twenty-five separate Participation Agreements (the "Participation Agreements") to conduct drilling of wells in the Company's approximately 17,000 acre Johnson Prospect in Hudspeth County, Texas, which is a portion of the Company's Orogrande Prospect.

Pursuant to the Participation Agreement, the Participants collectively funded the cost of drilling, $7,000,000, which was be used to (i) acquire the rights to drill on the Johnson Prospect and (ii) finance the drilling of five (5) vertical wells in the Johnson Prospect in connection with the Company's 2023 drilling program requirements under its University Lands Drilling and Development Unit Agreement. Each Participant will have the right to participate in the drilling of additional wells on the Johnson Prospect in the future, including an additional five (5) vertical wells in locations determined by Hudspeth Operating, LLC, the Company's wholly-owned subsidiary , in its sole discretion, in 2024. The Participation Agreement provides for an initial allocation of the working interests and net revenue interests among each Participant and the Company and then a re-allocation upon payout or payment to such Participant of drilling and completion costs for each well drilled. Following payout, the Company will own 25% of working interest as described below and 18.75% net revenue interest in each well. Hudspeth will be the operator of the Johnson Prospect pursuant to a joint operating agreement (the "Operating Agreement") entered into in connection with the Participation Agreement. The Participation Agreement and the Operating Agreement require, among other things, that Hudspeth and the Company drill and complete at least five vertical wells by December 31, 2023, unless the term of the Participation Agreement is extended.

The Company reserved a 25% back-in interest, which shall automatically revert to the Company following the date that each Participant first recovers 100% of the costs attributable to the drilling and development of the wells in which such Participant has participated.

Further, within a specified period following drilling of the initial five wells, pursuant to the Participation Agreement each Participant may elect to transfer and assign all of its interests to the Company in exchange for the issuance of shares of common stock of the Company at a value of $1.20 per share.

One of the Participants is McCabe Petroleum Corporation, an entity controlled by Mr. McCabe, the Chairman of the Company's Board of Directors, the largest shareholder of the Company and a lender of the Company. As such, entry into the Participation Agreement and the related transactions pursuant thereto constitute related party transactions, which have been duly approved by the Company's Board of Directors and Audit Committee.

Market Conditions, Commodity Prices and Interest Rates

U.S. and global markets have experienced heightened volatility following impactful geopolitical events, consistent evidence of widespread inflation, as well as increased fears of an economic recession. Recent measures have been taken by the U.S. Federal Reserve to combat persistent inflation by increasing interest rates throughout 2023 and 2024. The global banking sector has experienced material disruptions which has also contributed to market volatility. Further, the full-scale military invasion of Ukraine by Russian troops has continued unabated since February 2022 coupled with related economic sanctions imposed on Russia further exacerbating supply shortages, leading to disruptions in the credit and capital markets,

including significant uncertainty in commodity prices, during 2022 and into 2024. Prices for oil and natural gas are determined primarily by prevailing market conditions, which have been and could continue to be volatile.

The combination of geopolitical events, inflation and the rising rate environment has led to increasing forecasts of a U.S. or global recession. Any such recession could prolong market volatility or cause a decline in commodity prices, among other potential impacts.

We cannot estimate the length or gravity of the future impact these events will have on our results of operations, financial position, liquidity and the value of oil and natural gas reserves.

Results of Operations

Results for the three and six-month periods ending June 30, 2024 and 2023

Revenue and Gross Profit

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Product Sales BOE	14	43	42	499
Total Revenue	$ 1,639	$ 4,841	$ 5,206	$ 15,765
Cost of revenue	$ (75,476)	$ (11,043)	$ (112,547)	$ (27,645)
Gross Profit (Loss)	$ (73,837)	$ (6,202)	$ (107,341)	$ (11,880)
Gross profit percentage	(4502.20%)	(128.11%)	(2061.87%)	(75.36%)

Production Revenues and Cost of Revenue

For the six months ended June 30, 2024, we had production revenue of $5,206 compared to $15,765 of production revenue for the prior year period. The change in revenue was primarily due to revenue from production sold from the Oklahoma wells. Our cost of revenue, consisting of lease operating expenses and production taxes, was $112,547 and $27,645 for the six months ended June 30, 2024, and 2023, respectively. Our cost of revenue for the six months ended June 30, 2024 includes $107,682 in plug and abandon cost related to wells in the Hazel Project.

For the three months ended June 30, 2024, we had production revenue of $1,640 compared to $4,841 of production revenue for the prior year period. The change in revenue was primarily due to revenue from production sold from the Oklahoma wells. Our cost of revenue, consisting of lease operating expenses and production taxes, was $75,476 and $11,043 for the six months ended June 30, 2024, and 2023, respectively. Our cost of revenue for the three months ended June 30, 2024 includes $73,161 in plug and abandon cost related to wells in the Hazel Project.

Refer to the table of production and revenue included below for changes in revenue:

Property	Quarter	Oil Production {BBLS}	Gas Production {MCF}	Oil Revenue	Gas Revenue	Total Revenue
Oklahoma	Q1 - 2023	107	748	$ 8141	$ 2,783	$ 10,924
Hazel (TX)	Q1 - 2023	0	0	-	-	-
Total Q1-2023		107	748	$ 8,141	$ 2,783	$ 10,924
Oklahoma	Q2 - 2023	43	867	3,195	1,646	4,841
Hazel (TX)	Q2 - 2023	0	0	-	-	-
Total Q2-2023		43	867	$ 3,195	$ 1,646	$ 4,841
Oklahoma	Q3 - 2023	79	1183	6,184	1,547	7,731
Hazel (TX)	Q3 - 2023	0	0	-	-	-
Total Q3-2023		79	1183	$ 6,184	$ 1,547	$ 7,731

Oklahoma	Q4 - 2023	15	760	1,146	1,389	2,535
Hazel (TX)	Q4 - 2023	0	0	-	-	-
Total Q4-2023		15	760	$ 1,146	$ 1,389	$ 2,535
Total 2023		244	3558	$ 18,666	$ 7,365	$ 26,031
Average Commodity Price				$ 76.50	$ 2.07	
Oklahoma	Q1 - 2024	28	809	2,002	1,565	3,567
Hazel (TX)	Q1 - 2024	0	0	-	-	-
Total Q1-2024		28	809	$ 2,002	$ 1,565	$ 3,567
Oklahoma	Q2 - 2024	14	639	945	694	1,639
Hazel (TX)	Q2 - 2024	0	0	-	-	-
Total Q2-2024		14	639	$ 945	$ 694	$ 1,639
Total 2024 to date		42	1448	$ 2947	$ 2259	$ 5206
Average Commodity Price				$ 70.17	$ 1.56	

Expenses for the six months ended June 30, 2024 and 2023

We did not record any depreciation, depletion and amortization expense for either of the six months ended June 30, 2024 or 2023.

General and Administrative Expenses

	Three Months Ended March 31		**Six Months Ended June 30**	
	2024	**2023**	**2024**	**2023**
General & Administrative	$ 432,879	$ 3,046,419	$ 1,191,519	$ 5,519,158
Total general and administrative expenses	$ 432,879	$ 3,046,419	$ 1,191,519	$ 5,519,158

General and Administrative Expenses

Our general and administrative expense for the six month period ended June 30, 2024, was $1,191,519 compared with $5,519,158 for the same period from the prior year. Our general and administrative expenses consisted of employee compensation expense, accounting and administrative costs, legal and other professional consulting fees, and other general corporate expenses. The change in general and administrative expenses in 2024, compared to 2023, is primarily due to decreased employee compensation and a decrease in consulting fees, filing fees, legal fees, and expense recorded relative to the issuance of employee stock options.

Our general and administrative expense for the three month period ended June 30, 2024, was $432,879 compared with $3,046,419 for the same period from the prior year. Our general and administrative expenses consisted of employee compensation expense, accounting and administrative costs, legal and other professional consulting fees, and other general corporate expenses. The change in general and administrative expenses in 2024, compared to 2023, is primarily due to decreased employee compensation and a decrease in consulting fees, filing fees, legal fees, and expense recorded relative to the issuance of employee stock options.

Liquidity and Capital Resources

The business of exploring for, developing and producing oil and natural gas is capital intensive. Because oil, natural gas and NGL reserves are a depleting resource, like all upstream operators, we must make capital investments to grow and even sustain production. Our principal liquidity requirements are to finance operations, fund capital expenditures and acquisitions and satisfy any indebtedness obligations. Cash flows are subject to a number of variables, including the level of oil and natural gas production and prices, and the significant capital expenditures required to more fully develop our oil and natural gas properties. Historically, our primary sources of capital funding and liquidity have been from borrowings. At

times and as needed, we may also issue debt or equity securities. We estimate the combination of the sources of capital discussed above will continue to be adequate to meet our short and long-term liquidity needs but there can be no assurances that any such sources will be available if needed.

Cash on hand and operating cash flow can be subject to fluctuations due to trends and uncertainties that are beyond our control. Our ability to issue equity and obtain credit on favorable terms may be impacted by a variety of market factors as well as fluctuations in our results of operations.

2021 Note and Loan Agreement

On August 7, 2023, Mr. McCabe and Meta entered into a Loan Sale Agreement whereby Mr. McCabe purchased from Meta (i) the 2021 Note and (ii) all outstanding loans made to the Company by Meta pursuant to the Loan Agreement (the “Loan Purchase”). As a result of the Loan Purchase, Mr. McCabe replaced Meta as the lender and secured party under the 2021 Note and the Loan Agreement. Additionally, as part of the Loan Purchase, Meta assigned to Mr. McCabe its lien on 25% of the Orogrande Prospect. The Company’s obligations and responsibilities under the 2021 Note and the Loan Agreement remain unchanged.

On October 1, 2023, we entered into an amendment to the 2021 Note and an amendment to the Loan Agreement with Mr. McCabe as successor in interest to Meta extending the 2021 Note Maturity Date. An additional Amendment effective June 30, 2024 extended the maturity date to September 30, 2024.

The 2021 Note is fully drawn with a principal balance outstanding of $15 million, bears interest at 8% per annum, computed on the basis of a 360-day year, and matures on January 3, 2024. If an event of default occurred and is continuing, interest on the 2021 Note may accrue at the default rate of 12% per annum. Additionally, we have an aggregate principal balance of $6.59 million outstanding under the Loan Agreement which bears interest at a fixed rate of 8% per annum if no event of default exists, and at a fixed rate of 12% per annum if an event of default exists.

The combined balance on the 2021 Note and the Loan Agreement as of June 30, 2024, was $21.22 million. As of June 30, 2024, the combined total accrued and unpaid interest under the 2021 Note and the Loan Agreement was $3.91 million.

December 2022 Note

On December 22, 2022 we issued an unsecured promissory note in the principal amount of up to $20 million in favor of Mr. McCabe (the “2022 Note”), which bears interest at 5% per annum, computed on the basis of a 365-day year. As of June 30, 2024, the Company had a balance of $21.28 million and accrued and unpaid interest of $1,068,096 due under the 2022 Note. An Amendment effective June 30, 2024, extended the maturity date to September 30, 2024.

As of June 30, 2024, the Company had $21.28 million in principal amount outstanding under the 2022 Note. As of June 30, 2024, the Company had $1.3 million in accrued but unpaid interest on the 2022 Note.

As of June 30, 2024, Notes Payable – related party includes balances of the 2021 Note and Loan Agreement and the December 2022 Note, as detailed above, totaling $42.50 million, and additional borrowing and adjustment to the December 2022 note during the six months ended June 30, 2024, as detailed below:

On January 23, 2024, Mr. McCabe loaned $1,000,000 to us, which was evidenced under a 0% Senior Unsecured Promissory Note effective as of that date (the “McCabe Note”), which provided, among other things, that the loan will be due on February 28, 2025, with the Company having the option to extend the loan by one additional year. The loan will bear interest at the rate of 0% per annum and will be payable in one balloon payment of principal and interest on the maturity date. If we elect to extend the loan for one year, the loan will continue to bear interest at the rate of 0% per annum and will be payable in one balloon payment of principal and interest on the extended maturity date.

Imputed interest has been recorded on the -0-% note in the amount of $12,500 for the six months ended June 30, 2024.

CAPCO Note February 2024

On February 29, 2024, CAPCO Holding, Inc., a Texas corporation (“Capco”), loaned us $2,000,000 under a 12% Secured Promissory Note (the “Capco Note”), which provides, among other things, that the loan will be due in one year, with us having the option to extend the loan by one

additional year. The loan will bear interest at the rate of 12% per annum and will be payable in one balloon payment of principal and interest on the maturity date. If we elect to extend the loan for one year, we must pay all accrued interest for that first year, and thereafter, the loan will bear interest at a rate that is mutually agreeable to us and Capco, which rate will not exceed 18% per annum, and will be payable in one balloon payment of principal and interest on the extended maturity date. As part of the transaction, Gregory McCabe, our Chairman and Chief Executive Officer, entered into a Stock Pledge and Security Agreement with Capco under which he pledged 250,000 of his shares of common stock of the Company to secure our obligations under the Capco Note. Further, Mr. McCabe entered into a Subordination Agreement (the "Subordination Agreement") with Capco and us under which Mr. McCabe agreed to subordinate all of the Company's indebtedness and obligations owed to Mr. McCabe to the Capco Note, under the terms and conditions of the Subordination Agreement. Accrued and unpaid interest as of June 30, 2024 was $80,502.

As of June 30, 2024, we had $1,133,622 of liquidity, comprised of cash and cash equivalents on hand. Our short and long-term capital requirements consist primarily of funding our development and drilling activities, payment of contractual obligations and debt service.

At June 30, 2024, we had working capital deficit of $48,578,905 and total assets of $1,947,299. Stockholders' deficit was $48,489,104. The negative working capital is principally due to notes payable which will be payable within one year.

Management believes that our currently available resources may not provide sufficient funds to enable us to meet our financing and drilling obligations for the 2024 fiscal year. We anticipate that we will continue to incur operating losses and generate negative cash flows from operations for the foreseeable future. As a result, we will need additional capital resources to fund our operations both in the short term and in the long term, prior to achieving break even or positive operating cash flow. While we do not have any committed sources of capital, we expect to continue to opportunistically seek access to additional funds through public or private equity offerings or debt financings, through partnering or other strategic arrangements, including credit application arrangements with our third party servicers, or a combination of the foregoing. Despite our efforts, we may face obstacles in continuing to attract new financing due to industry conditions and our history and current record of net losses. We can provide no assurance that we will be able to obtain the financing required to meet our stated objectives or even to continue as a going concern.

We do not expect to pay cash dividends on our common stock in the foreseeable future.

The following table summarizes sources and uses of cash and cash equivalents:

	Six Months Ended June 30,	
	2024	**Restated 2023**
Net (loss)	(1,821,763)	(30,539,714)
Net cash (used in) operating activities	(4,333,317)	(7,778,647)
Net cash (used) in investing activities	(31,769)	(7,853,902)
Net cash provided by financing activities	3,829,861	15,800,655
Net increase (decrease) in cash	$ (535,225)	$ 168,106
Cash—beginning of period	$ 1,668,847	$ 569,298
Cash—end of period	$ 1,133,622	$ 737,404

Cash Flow Used in Operating Activities

Cash flow used in operating activities for the six months ended June 30, 2024 was $4,333,317 compared to $7,778,647 for the six months ended June 30, 2023. Cash flows used in operating activities for the six months ended June 30, 2024 can be primarily attributed to the net loss from operations, impairment loss, and a decrease in accounts payable. Cash flows used in operating activities for the six months ended June 30, 2023, can be primarily attributed to the net loss from operations, the adjustment for impairment loss and a decrease in accounts payable. We expect to continue to use cash flow in operating activities until such time as we achieve sufficient commercial oil and gas production to cover all of our cash costs.

Cash Flow Used in Investing Activities

Cash flow used in investing activities for the six months ended June 30, 2024 was $31,769 compared to $,7,853,902 for the six months ended June

30, 2023. Cash flow used in investing activities principally consists of investment in oil and natural gas properties in Texas.

Cash Flows from Financing Activities

Cash flows from financing activities for the six months ended June 30, 2024 was $3,829,861 compared to $15,800,655 for the six months ended June 30, 2023. Cash flows from financing activities consists of proceeds from additional borrowings from a related party, which had a principal balance of $42,499,082 outstanding as of June 30, 2024. For the six months ended June 30, 2024, we incurred aggregate interest on the 2022 Note, the 2021 Note and under the Loan Agreement of $1,357,953.

Capital Expenditures

Our capital expenditures are summarized in the following table:

	Six Months Ended June 30, 2024	Six Months Ended June 30, Restated 2023
Acquisitions:		
Proved property	$ -	$ -
Unproved property working interest	450,000	-
Exploration and development:		
Developmental leasehold costs	-	-
Exploratory drilling and completion costs	-	-
Development drilling and completion costs	31,769	8,900,988
Other development costs	-	-
Capitalized interest	1,438,571	1,139,183
Asset retirement obligations	-	-
Total exploration and development	1,920,340	10,040,171
Other property	-	-
Total capital expenditures	$ 1,920,340	$ 10,040,171
Change in accrued capital expenditures and other	3,382,287	3,660,998
Prepaid drilling costs	-	(150,000)
Capitalized interest	(1,438,571)	(1,139,183)
Common stock issued in mineral lease acquisition	(450,000)	-
Asset retirement obligations	-	-
Total cash capital expenditures	$ 3,414,056	$ 12,411,986

Critical Accounting Estimates

See Note 3—Significant Accounting Policies to the unaudited consolidated financial statements included elsewhere in this report for a description of the material changes to the Company's critical accounting policies and estimates from those disclosed in its Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements

Our unaudited financial statements and the accompanying notes thereto found elsewhere in this report contain a description of recent accounting pronouncements.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this item.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of June 30, 2024, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2024 to provide reasonable assurance that information required to be disclosed by us in the reports filed or submitted by us under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by us is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only the reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 6. "Commitments and Contingencies" to the unaudited consolidated financial statements included elsewhere in this report for information regarding our legal proceedings, which information is incorporated by reference into this Item 1.

ITEM 1A. RISK FACTORS

A description of the risk factors associated with our business is contained in the "Risk Factors" section of Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to our risk factors as previously reported.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

On April 2, 2024, we entered into a Consulting Agreement with an individual, under which the consultant has agreed to provide advisory and analysis services to us for a term of one year, under the terms and conditions of the Consulting Agreement. As consideration, we issued him 100,000 shares of common stock on that date. The securities were issued under the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933 and the rules and regulations promulgated thereunder. The issuance of securities did not involve a "public offering" based upon the following factors: (i) the issuance of securities was an isolated private transaction; (ii) a limited number of securities were issued to a single purchaser; (iii) there were no public solicitations; (iv) the investment intent of the purchaser; and (v) the restriction on transferability of the securities issued.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibit No.	Description
31.1*	Certifications (pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act) by the Principal Executive Officer.
31.2*	Certifications (pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act) by the Principal Financial Officer.
32.1†	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principle Executive Officer and Principle Financial Officer.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.LAB*	Inline XBRL Labels Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEXT BRIDGE HYDROCARBONS, INC.

Date: August 14, 2024

/s/ Gregory McCabe
Gregory McCabe, Chief Executive Officer and President
(Principal Executive Officer)

Date: August 14, 2024

/s/ Roger Wurtele
Roger Wurtele, Chief Financial Officer
(Principal Financial and Accounting Officer)